MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

BGO 3124 – GLOBAL OPERATIONS MANAGEMENT

(All Sections / Groups)

28 OCTOBER 2017
2.30 p.m. – 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** (4) pages with **FOUR** (4) questions only.
2. Attempt **ALL** questions.
3. All questions carry equal marks and the distribution of the marks for each question is given at the end of question.
4. Please write all your answers in the **Answer Booklet** provided.

QUESTION 1

CHINA has committed itself to a long-term strategy to grow its influence in the Asia-Pacific region and rise as a major power. An important plank in this policy is her Silk Road Economic Belt and the 21st Century Maritime Silk Road (MSR), otherwise known as the Belt Road Initiative (BRI), or One Belt, One Road (OBOR). The BRI is China's response to the need for more and improved infrastructure, such as transport routes connecting major sea ports in the Southeast Asia region, and towards creating an efficient network of land and air passages in Asia, Europe and Africa. OBOR will be implemented through "joint consultation" with partners and will focus on projects that are implementable within the short to medium term.

China will be leveraging existing multilateral cooperation mechanisms to implement BRI. Among the mechanisms are the Shanghai Cooperation Organisation, Asean Plus China (10+1), Asia-Pacific Economic Cooperation, etc. Working with existing mechanisms is also expected to attract more countries and regions to participate in BRI. The economic importance of participating in OBOR cannot be understated as it could provide business and new investments opportunities for countries eyeing foreign investments. According to a report by the Asian Development Bank (ADB), Asia will require approximately US$8.2 trillion (RM35.6 trillion) to finance infrastructure development from 2010 to 2020. The World Bank and ADB are two major financial institutions involved in the race to finance infrastructure development. Economic growth in Asia is accelerating, in tandem with the increase in population that will translate to greater markets and employment, and this expands the scope for realising infrastructure projects. In this regard, the Asian Infrastructure Investment Bank based in Beijing may become a third platform to provide infrastructure development financing, especially for investments under OBOR.

Source: China's one belt, one road initiative; strengthening economic linkages for mutual benefit. (2017). New Straits Times Online. Retrieved from https://www.nst.com.my/opinion/columnists/2017/05/235414/chinas-one-belt-one-road-initiative-strengthening-economic

a) Highlight the impact of globalisation to operations and logistics. (5 marks)

b) Discuss **FIVE** (5) benefits and **FIVE** (5) risks from the implementation of "China's One Belt, One Road" initiative to Malaysia. (20 marks)

(Total: 25 marks)

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QUESTION 2

The launch of the Digital Free Trade Zone (DFTZ) in KLIA Aeropolis has laid the foundation for Malaysia to become a regional e-fulfilment hub, says Transport Minister Datuk Seri Liow Tiong Lai. The partnership approach in rolling out the initial phase of the project by Alibaba Cainiao, Lazada and Pos Malaysia is an example of good cooperation between companies from China and Malaysia, said Liow, who is also the National Logistics Task Force chairman.

"This marks an exciting new phase and milestone for the implementation of the Logistics and Trade Facilitation Masterplan 2015-2020," Liow said in a statement. The implementation of e-commerce under the masterplan has been brought forward from 2020 and beyond to 2017 due to the project. "This will boost the local e-commerce sector as one of the main catalysts for the digital economy and increase GDP contribution." Liow said the initial phase of the DFTZ would be located on the 17.5ha site of the former Low-Cost Carrier Terminal. It will have a centralised customs clearance, warehousing and e-fulfilment facilities. It will later lead to the launch of Alibaba's regional e-fulfilment centre at the end of 2019. Liow said the DFTZ would be a regional logistics hub to cater for the e-commerce business.

Source: Digital zone a foundation for M'sia to become regional hub. (2017). The Star Online. Retrieved from http://www.thestar.com.my/news/nation/2017/03/24/digital-zone-a-foundation-for-msia-to-become-regional-hub/

a) Explain **FIVE** (5) benefits of Digital Free Trade Zone (DFTZ) to Malaysian SME's. (15 marks)

b) Explain **FIVE** (5) reasons why Alibaba hedging its logistics bets on Malaysia instead of Singapore. (10 marks)

(Total: 25 marks)

QUESTION 3

Loob Holdings Sdn Bhd, which owned Chatime bubble tea staple, has rebranded its 161 outlets to Tealive and remained on track for its expansion plan for the next two years. Loob Holdings chief executive officer, Bryan Loo, said with the exercise costing less than RM10mil, all its 161 outlets would be officially transformed to Tealive. "We also plan to increase the number of our outlets from 165 to 250 in Malaysia by 2018 as well as our customer base from 2.5 million a month to five million," he told reporters after the soft launch of Tealive. On the global front, he said, Loob would tap the Vietnamese market in the third quarter of this year and other Asian countries in a couple of years.

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Loo said Tealive planned to expand its operations into more petrol stations nationwide, as well as light rail transit and mass rapid transit stations. He said the company was unfazed by the dispute between La Kaffa International Co Ltd and Loob and was confident of winning back its customers. The agreement between La Kaffa and Loob, which was to last until 2041, was terminated because of the Taiwanese firm's disagreement on the business direction of Chatime in Malaysia. – Bernama

Source: Loob Holding rebrands Chatime as Tealive. (2017). The Star Online. Retrieved from http://www.thestar.com.my/business/business-news/2017/02/17/loob-holding-rebrands-chatime-as-tealive/#vkyBpLDU8zcztxxj.99

a) Explain franchising as an entry strategy into foreign markets. (3 marks)

b) Describe **THREE** (3) advantages and **THREE** (3) disadvantages of franchising for the franchisee. (12 marks)

c) Loob Holdings Sdn. Bhd. is considering to outsource its raw materials from foreign market. Elaborate **FIVE** (5) possible challenges faced by the company when engage in global sourcing. (10 marks)

(Total: 25 marks)

QUESTION 4

AMAZON.COM Inc has opened two grocery pick-up kiosks in Seattle, part of its latest effort to enter the US$800bil grocery market and compete with "click and collect" shopping options from big box competitors like Wal-Mart Stores Inc. The "AmazonFresh Pickup" spots let shoppers buy groceries online and pick them up in as little as 15 minutes rather than having them delivered to their homes. The service is open to Amazon Prime members who pay US$99 a year for delivery discounts and video and music streaming. Each location has parking spaces beneath canopies similar to those seen at gas stations. Grocery sales have been slow to shift online, unlike books and electronics, leaving Amazon at a disadvantage to competitors like Wal-Mart, Target Corp and supermarket chain Kroger Co. Amazon is experimenting with brick-and-mortar concepts to get a toehold in grocery sales while its competitors add online options to their existing stores. Amazon also opened a convenience store format called "Amazon Go" that lets shoppers check in with a smartphone app, grab sandwiches, salads and other items they want from shelves and leave without having to check out. Instead, customers get billed automatically. The format is being tested by employees, who have found the technology crashes when the store gets too crowded, according to people familiar with the matter. – Bloomberg

Source: Amazon opens grocery pick-up kiosks to rival Wal-Mart. (2017). The Star Online. Retrieved from http://www.thestar.com.my/business/businessnews/2017/05/27/amazon-opens-grocery-pickup-kiosks-to-rival-walmart/#LqKKDyH83aGZwsVp.99

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a) Describe the role of information technology in the supply chain of Amazon.

(5 marks)

b) Discuss the **THREE** (3) characteristics that information must have to be useful for decision making in a supply chain. (12 marks)

c) Based on the case, evaluate the strategies being implemented by Amazon. (8 marks)

(Total: 25 marks)

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